

MEMORANDUM

TO: Mayor Craig Brown and Members of Council

CC: City Manager Office, Executive Leadership Team, City Attorney Office

FROM: Sally Bakko, Director of Policy and Governmental Relations

DATE: July 14, 2023

RE: Legislative Report: Austin and Washington Update

Please find below an update on legislative activities in Austin and Washington. (*To access links below, control+click on link.*)

Gulf Coast Protection District (GCPD) Update

The [Gulf Coast Protection District](#) Board of Directors met on Wednesday, July 12, 2023, at the West Side Complex Community Center, 8138 FM 3246 in Baytown.

- The Board approved and executed an In-Kind Memorandum of Understanding (MOU) with the US Army Corps of Engineers prior to the execution of a design agreement for the Coastal Texas Protection and Restoration Project.
- This MOU is for work in-kind credit only and anticipates a subsequent Design Agreement to be executed later.
- Design work identified in the MOU includes: data collection related to design work, engaging in Architect/Engineering contracts for project management, engineering, design, and plans and specifications for project features; conducting appropriate environmental, geotechnical, and other field work, sampling and analysis; conducting cultural resource investigations; and conducting public outreach coordination.
- Any credit that can be considered must be performed after execution of the MOU agreement.
- No credit will be issued/determined unless or until a Design Agreement is signed.
- Timing of a Design Agreement need not wait until federal funds are appropriated.

Meanwhile, I have been working with GCPD Executive Director Nicole Sunstrum to coordinate a letter to Governor Greg Abbott signed by business and industry stakeholders asking that HB 2416 be added to a special session call. The signed letter is attached. The Governor is expected to call a special session during the fall to address “school choice” legislation and possibly other legislation previously vetoed.

[HB 2416](#) (author: Rep. Dennis Paul; sponsor: Senator Carol Alvarado) was passed by the 88th Texas Legislature to create the Gulf Coast Protection Account to be administered by the Texas General Land Office and used only for expenditures for the development of infrastructure for protection of the Gulf Coast within the GCPD jurisdiction. We were disappointed to see Governor Abbott veto this important bill. However, we believe his concerns could be addressed with legislation offered during a special session.

Austin Update

88th Texas Legislature News Highlights

Second Special Session Action Update:

Legislature Passes Property Tax Relief Legislation, Adjourns Sine Die

Prior to adjourning the 2nd Special Session called by Governor Abbott, the legislature approved [2S.B. 2](#) and [2H.J.R. 2](#) (Metcalf) providing for property tax relief

- \$12 billion for tax rate compression – payment to offset reductions in school district maintenance & operations tax rates
- Increases the homestead exemption from \$40,000 to \$100,000
- Establishes a 20 percent cap on increases to appraisals for commercial properties valued at \$5 million or less. This “circuit breaker” provision expires after three years.
- Place three elected officials on appraisal district review boards in counties with populations greater than 75,000 people.

[2S.B. 3](#) providing savings on franchise tax for small businesses.

Of primary interest for Galveston, the 2S.B. 2:

- prohibits the governing body of a school district, city, or county that adopted a local option residence homestead property tax exemption for the 2022 tax year from reducing the amount of or repealing the exemption through December 31, 2027;
- imposes a 20 percent appraisal cap on the appraised value of certain real property with an appraised value under \$5 million other than a residence homestead through December 31, 2026;
- provides that for an appraisal district established in a county with a population of 75,000 or more, the appraisal district is governed by a board of nine directors, five of whom are appointed by the taxing units that participate in the district, three of whom are elected by majority vote at the general election for state and county officers by the voters of the county in which the district is established, and one of whom is the county assessor-collector serving as an ex-officio director;
- provides that for the 2023 tax year, the chief appraiser shall prepare supplemental appraisal records to account for the changes in law made by 2S.B. 2;
- provides that on receipt of the appraisal roll for the 2023 tax year, the assessor for a taxing unit, including a city, shall determine the total taxable value of the property taxable by the taxing unit and the taxable value of new property as if the changes in law made by 2S.B. 2 were in effect for that tax year; and
- provides that an officer or employee designated by the governing body of a taxing unit, including a city, shall calculate the no-new-revenue tax rate and the voter-approval tax rate of the taxing unit for the 2023 tax year as if the changes in law made by 2S.B. 2 were in effect for that tax year.

(Effective date varies depending on provision of the bill; much of bill takes effect only if [2H.J.R. 2](#) is approved at the election on November 7, 2023.)

TWIA Actuarial & Underwriting Committee Approves Rate Increase Recommendations

On Tuesday, July 11th, the Texas Windstorm Insurance Association's (TWIA) Actuarial & Underwriting Committee voted to recommend that the TWIA Board of Directors approve a rate filing to increase rates by 5 percent for 2024 residential policies and 8 percent for 2024 commercial policies when it meets in Galveston on August 8th.

Rep. Todd Hunter provided public comment opposing a rate increase. Senator Mayes Middleton submitted written comments opposing a rate increase and raising concerns about calculations used to determine reinsurance levels purchased. I provided public comment opposing a rate increase, raising

concerns about the impacts of unaffordable windstorm and flood insurance on attracting and retaining workers for coastal businesses and industries that are vital for the state's economy. I suggested the Committee and TWIA Board should actively engage with the Legislature during the interim to examine and restructure TWIA funding to ensure sustainable windstorm insurance.

Washington Update

FY 2024 Appropriations Update

Recent action by the House Appropriations Committee on the FY 2024 Energy-Water Development Appropriations bill is just one step in one approach for accessing federal funds for the US Army Corps of Engineers Coastal Texas storm surge protection system project. The federal appropriations process is very complicated and now further influenced by limitations placed in the debt ceiling agreement legislation passed in May. Moreover, House leadership directed appropriators to make further spending cuts than what was required under the spending caps established in the enacted debt ceiling legislation.

Earlier this year, the Chair of the House Appropriations Committee released guidance that House members used to submit Community Project Funding Requests (CPFs, formerly known as earmarks) to the Appropriations Committee for consideration when drafting FY 2024 appropriation bills. Rep. Weber submitted 15 CPFs to the committee, one of which was the \$100 million for the Coastal Texas project.

The House Appropriations Committee favorably reported the FY 2024 Energy-Water Development Appropriations bill, but did not include the CPF submitted by Rep. Weber (it was this action reported by the Galveston County Daily News, albeit somewhat vaguely and without complete information on the federal appropriations process status). We are awaiting Senate Appropriations Committee action. The Committee is scheduled to mark up the Senate version of the FY 2024 Energy-Water Development Appropriations bill on July 20th.

The CPF (earmark) approach is one of several methods we can pursue to access federal funds. We will continue educating Appropriations Committee members and staff (House and Senate) on the national economic supply chain protections provided by this project. USACE was allocated funds from the Bipartisan Infrastructure Bill that we will attempt to access. Currently, there are very quiet, informal discussions occurring that a Supplemental Appropriations bill may be needed later this year to replenish the Disaster Fund administered by FEMA. This could possibly be a legislative vehicle that we could pursue for funding.

2023 Byrne Justice Assistance Grant Allocations Posted

The Bureau of Justice Assistance (BJA) recently posted fiscal year 2023 allocations for the Byrne Justice Assistance Grant (JAG) program. JAG local allocations can be viewed by relevant state [here](#). The Byrne JAG program is the leading source of federal justice funding to state and local jurisdictions; a program fact sheet can be found [here](#). The City of Galveston will receive \$24,348 in direct allocation and \$35,821 in joint allocation.

FEMA Hosting Webinars on Extreme Heat Events

The Federal Emergency Management Agency (FEMA) [announced](#) it will host two webinars this summer for state, local, Tribal, and territorial officials to help stakeholders promote preparedness and

resilience against extreme heat events. Panelists will also discuss funding opportunities to make communities more resilient to extreme heat. The next webinar is scheduled for August 16; registration is required.

Reports of Interest

[A Framework for Managing Improper Payments in Emergency Assistance Programs](#)

GAO-23-105876, July 13

[Coastal Resources Newsletter](#)

Texas General Land Office, July 2023